

State Agency Capital Outlay

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The Challenge

- Over the next 5 years, NM will have over \$4 billion for State and Local capital outlay projects
- These funds are sufficient to meet the critical infrastructure needs of the state **if they are spent wisely**
- Governor Martinez and the Legislature are working together to fund statewide as well as local projects
- **Opportunity: Addressing the longstanding weaknesses in our capital outlay will increase confidence in government and contribute to the future well-being of our citizens**

Funding Resources

Source	Target Entities	Projected
Senior Severance Tax Bonds (STB's)	Statewide and Local	\$229 million
STB's for Water Trust Fund	Water Projects	\$29 million
STB's for Colonias Fund	Qualified communities	\$14 million
STB's for Tribal Fund	Qualified communities	\$14 million
STB's for Public Schools	Public Schools	\$175 million
NMFA loans	Local entities	\$150 million
Subtotal		\$611 million
General Obligation bonds	Higher Ed, Aging, Libraries	\$165 million
Total		\$776 million

Excludes \$900 million per year for state highways; Local GO bonds

What Can We Do Better?

- Improve **planning**
- Improve **prioritization**
- Conduct Facility Condition Assessments
- Inventory Capital Assets
- Identification and funding of Operating and Maintenance Costs (include in the capital request)

Improve Planning

- Planning and design should be completed prior to full project funding
- Planning contractors must be carefully supervised to provide real value
- Infrastructure Capital Improvement Plan (ICIP) is a critical tool that supports the statewide allocation process
- ICIP information must be complete
- **Governor and Legislature should look to the ICIP for adequate, consistent information with which to evaluate projects**

Improve Prioritization

- Default past priorities have been to “spread the wealth,” priorities have been based on the “squeaky wheel” and “first-come first-served” criteria
- Problems:
 - Projects are not fully funded, often take years to complete with associated inflation, depreciation and sometimes failure to complete;
 - Funds often sit for long periods until complete phase funding is possible

ICIP Process--

- Section 6-4-1B requires heads of department and other agencies of the state shall transmit to the Department of Finance and Administration on July 1 of each year a statement of all capital projects proposed for the ensuing four years for review and recommendation to the Governor with respect to inclusion in the capital program of the state.
 - The ICIP covers a five year period and is for short and long-range development, maintenance, improvement and acquisition of infrastructure assets.
 - Projects that fall under the General Services Department/Facilities Management Division must be submitted for review and approval to FMD
 - Projects for new, updated and or replacement of information technology must be reviewed and approved by the Department of Information Technology prior to submission
 - Definitions of Capital Outlay
 - Equipment having a useful life of ten or more years and a value of more than \$5,000
 - Repair, remodeling, renovations, replacement
 - New construction
 - Non-structural improvements, grading, leveling, drainage and landscaping and the construction of roadways, fences, ditches and sanitary sewers

ICIP Process--

- Analyze Capacity
 - Agencies are asked to conduct an assessment of the agency's capacity to:
 - Inventory all the agency's capital assets
 - Identify needed projects for the next five years
 - Estimate the cost of proposed projects and identify a funding source
 - Maintain an updated inventory system
 - Maintain a centralized oversight for capital projects.
- Ranking/Scoring Matrix – points are assigned and its an all or none scoring. Criteria/scoring allows comparison of different types of projects. Critical rise to the top.
 - Health and safety
 - Federal, state or agency mandates
 - Complete a functional phase or project
 - Support necessary function of governance (education, public safety, health care)
 - Economic impact (not only temporary construction jobs)
 - Leverage other funds
 - Operating savings or efficiencies
 - Include Operating and Maintenance Budget